usell.com, Inc.
Form 10-Q
May 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2015

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission file number 000-50494

uSell.com, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**98-0412432**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

33 East 33rd Street, Suite 1101
10016
New York, New York
(Address of principal executive offices) *(Zip Code)*

(212) 213-6805

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of May 13, 2015
Common Stock, $0.0001 par value per share	7,539,373 shares

uSell.com, Inc. and Subsidiaries

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

uSell.com, Inc. and Subsidiaries

Consolidated Balance Sheets

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current Assets:		
Cash and cash equivalents	$1,129,830	$2,414,757
Accounts receivable, net	142,662	141,327
Inventory	158,200	-
Prepaid expenses and other current assets	81,451	99,529
Total Current Assets	1,512,143	2,655,613
Property and equipment, net	5,535	6,928
Intangible assets, net	861,193	852,093
Other assets	25,875	25,875
Total Assets	$2,404,746	$3,540,509
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$258,525	$539,566
Accrued expenses	520,845	168,093
Deferred revenue	289,818	263,739
Total Liabilities	1,069,188	971,398
Stockholders' Equity:		
Convertible Series A preferred stock; $0.0001 par value; 325,000 shares authorized; 100,000 shares issued and outstanding. Liquidation preference $300,000	10	10
Convertible Series B preferred stock; $0.0001 value per share; 4,000,000 shares authorized; 951,250 shares issued and outstanding. Liquidation preference $951,250	95	95
Convertible Series C preferred stock; $0.0001 value per share; 146,667 shares authorized; 146,667 shares issued and outstanding.	15	15
Convertible Series E preferred stock; $0.0001 value per share; 103,232 shares authorized; 103,232 shares issued and outstanding	10	10
Common stock; $0.0001 par value; 43,333,333 shares authorized; 7,572,703 shares issued and 7,539,373 and 7,533,817 shares outstanding, respectively	754	753

Additional paid in capital	54,847,216	54,610,843
Accumulated deficit	(53,512,542)	(52,042,615)
Total Stockholders' Equity	1,335,558	2,569,111
Total Liabilities and Stockholders' Equity	$2,404,746	$3,540,509

See accompanying notes to unaudited interim condensed consolidated financial statements.

uSell.com, Inc. and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31, 2015	2014
Revenue	$ 2,142,983	$ 1,005,999
Costs and Expenses		
Cost of revenue	1,442,519	143,126
Sales and marketing expenses	1,006,023	1,085,439
General and administrative expenses	1,164,083	1,060,717
Total operating expenses	3,612,625	2,289,282
Loss from Operations	(1,469,642)	(1,283,283)
Other (Expense) Income:		
Interest income	532	274
Interest expense	(817)	(891,279)
Gain on settlements of accounts payable	-	9,038
Change in fair value of derivative liability - convertible notes payable	-	(681,122)
Total Other (Expense) Income, Net	(285)	(1,563,089)
Net Loss	$ (1,469,927)	$ (2,846,372)
Basic and Diluted Loss per Common Share:		
Net loss per common share - basic and diluted	$ (0.20)	$ (0.55)
Weighted average number of common shares outstanding during the period - basic and diluted	7,533,817	5,219,842

See accompanying notes to unaudited interim condensed consolidated financial statements.

uSell.com, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,469,927)	$ (2,846,372)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	163,035	122,554
Provision for bad debt	-	8,835
Stock based compensation expense	246,541	316,947
Amortization of debt issue costs into interest expense	-	8,645
Amortization of debt discount into interest expense	-	873,872
Gain on settlement of accounts payable	-	(9,038)
Change in fair value of derivative liability - convertible notes payable	-	681,122
Changes in operating assets and liabilities:		
Accounts receivable	(1,335)	67,330
Other receivables	-	20,422
Inventory	(158,200)	-
Prepaid and other current assets	7,911	(33,552)
Accounts payable	(281,041)	(5,189)
Accrued expenses	352,752	40,516
Deferred revenues	26,079	5,041
Net Cash and Cash Equivalents Used In Operating Activities	(1,114,185)	(748,867)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Website development costs	(170,742)	(143,018)
Net Cash and Cash Equivalents Used In Investing Activities	(170,742)	(143,018)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	-	1,774,999
Proceeds from sale of convertible Series A preferred stock	-	300,000
Cash paid for direct offering costs	-	(90,766)
Net Cash and Cash Equivalents Provided By Financing Activities	-	1,984,233
Net (Decrease) Increase in Cash and Cash Equivalents	(1,284,927)	1,092,348
Cash and Cash Equivalents - Beginning of Period	2,414,757	489,166
Cash and Cash Equivalents - End of Period	$ 1,129,830	$ 1,581,514
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash Paid During the Period for:		

Interest	$ -	$ -
Taxes	$ -	$ -
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Derivative liability reclassified to Additional Paid in Capital upon conversion of Convertible Notes Payable	$ -	$ 1,682,507
Conversion of Convertible Notes Payable and accrued interest to common stock	$ -	$ 841,294
Conversion of Convertible Notes Payable and accrued interest to Series E preferred stock	$ -	$ 309,698
Common stock issued for services	$ -	$ 21,195
Issuance of Series C preferred stock in exchange for warrants	$ -	$ 15
Conversion of Series B preferred stock into common stock	$ -	$ 3

See accompanying notes to unaudited interim condensed consolidated financial statements.

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Note 1 - Organization and Business

uSell.com, Inc., through our wholly-owned subsidiaries (collectively, "uSell," or the "Company"), is a technology based company focused on creating an online marketplace where sellers can sell small consumer electronics to professional buyers using an ecommerce website-based platform. Through participation in the uSell marketplace, buyers can acquire high volumes of inventory in a cost effective manner, while minimizing the investment and risk associated with creating and running their own branded advertising campaigns.

The Company utilizes consumer oriented advertising efforts, such as direct response television commercials, and various forms of Internet advertising to attract sellers to its website. The Company facilitates transactions by developing technology and logistics systems that seamlessly move product from sellers' homes to buyers' warehouses. The Company also provides its buyers with value added services, such as shipping kit fulfillments, check processing and analytics.

Note 2 - Going Concern

As reflected in the accompanying condensed consolidated financial statements, the Company had a net loss of approximately $1,470,000 and net cash and cash equivalents used in operations of approximately $1,114,000 for the three months ended March 31, 2015. The Company has an accumulated deficit of approximately $53,513,000 at March 31, 2015. The Company does not yet have a history of financial stability. Historically, the principal source of liquidity has been the issuance of debt and equity securities. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on management's plans, which include the implementation in March 2015 of cost cutting measures, including a reduction in headcount and a decrease in marketing and advertising spend. Additionally the Company is exploring a number of options to provide working capital including strategic partnerships and seeking equity or debt financings. Management cannot be sure that the Company will consummate a transaction or financing that will enable the Company to meet its working capital needs. Future efforts to raise additional funds may not be successful or they may not be available on acceptable terms, if at all.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These condensed consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Certain reclassifications have been made to the prior period condensed consolidated financial statements to conform to the current period presentation. These reclassifications have no effect on the consolidated financial position or on the results of operations or cash flows for the periods presented.

Note 3 - Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the United States Securities and Exchange Commission ("SEC"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that the accompanying unaudited interim condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the SEC, which contains the audited financial statements and notes thereto, together with Management's Discussion and Analysis, for the years ended December 31, 2014 and 2013. The financial information as of December 31, 2014 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. The interim results for the three months ended Mach 31, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015 or for any future interim periods.

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of uSell and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of unaudited interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the unaudited interim condensed consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

Cash and Cash Equivalents

All highly liquid investments with an original maturity of 90 days or less when purchased are considered to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Cash equivalents generally consist of money market accounts.

The Company minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. At times, the Company's cash may be uninsured or exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit.

Accounts Receivable

Accounts receivable represent obligations from the Company's customers. The Company periodically evaluates the collectability of its accounts receivable and considers the need to record an allowance for doubtful accounts based upon historical collection experience and specific information. Actual amounts could vary from the recorded estimates. The allowance for doubtful accounts was $9,642 at March 31, 2015 and December 31, 2014.

Inventory

Inventory, consisting of products available for sale, is valued at the lower of cost (first in, first-out method) or market.

Intangible Assets

The Company's intangible assets pertain to capitalized software costs and its website domain address. The Company capitalizes costs related to software developed or obtained for internal use when management commits to funding the project, the project completes the preliminary project stage and the software will be used to perform the function intended. Capitalization of such costs ceases when the project is substantially complete and ready for its intended use.

The Company periodically reviews the carrying values of its long-lived assets when events or changes in circumstances indicate that it is more likely than not that their carrying values may exceed their fair values, and records an impairment charge when considered necessary. When circumstances indicate that an impairment of value may have occurred, the Company tests such assets for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of such assets and their eventual disposition to their carrying amounts. If the undiscounted future cash flows are less that the carrying amount of the asset, an impairment loss, measured as the excess of the carrying amount of the asset over its estimated fair value, is recognized. Fair value, for purposes of calculating impairment, is measured based on estimated future cash flows, discounted at a market rate of interest.

Common Stock Purchase Warrants and Derivative Financial Instruments

The Company reviews any common stock purchase warrants and other freestanding derivative financial instruments at each balance sheet date and classifies them on its balance sheet as:

a) Equity if they (i) require physical settlement or net-share settlement, or (ii) gives the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement), or

b) Assets or liabilities if they (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control), or (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

The Company assesses classification of its common stock purchase warrants and other freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Revenue Recognition

Revenue is recognized when all of the following conditions exist: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured.

Seller Electronics Referrals

Sellers responding to the Company's advertising campaigns go to the Company's website where they can search for the items they wish to sell using a streamlined point and click interface. Once they have identified their device, they are asked a single question to describe the condition of the device. At this point, they are presented with the "best match," or uSell's recommended offer from one of its buyers. The Company offers this recommendation based on both the price offered by the buyer relative to other buyers and the quality of ratings of the buyer relative to other buyers. The seller may choose to view a larger list of offers from all buyers interested in purchasing their device. Prior to February 2014, the Company earned up front "lead fees" from buyers when sellers accepted offers on its website and filled out a form to request a free shipping kit. This fee was received regardless of whether the sellers ultimately sent in their devices to the buyers. The Company recognized revenue upon online acceptance of the buyer's offer by the seller. The Company records payments received from buyers in advance of offer acceptance as deferred revenue at the time payment is received.

Beginning in February 2014, the Company transitioned its business model, which was phased in over the subsequent six weeks. Under the new model, buyers pay the Company a commission only when they pay the seller for a received device and the Company recognizes revenue upon payment to the seller.

As a further development to the Company's business model, in October 2014, the Company launched its "Managed by uSell" service, whereby the Company partnered with a third party logistics company to inspect, wipe and process devices before passing them along to buyers. Under this new model, title to a device passes to uSell upon issuance of payment to the seller, which is generally within one to two days from the receipt of the device at the third party warehouse. Title to a device is then transferred to the buyer upon shipment to the buyer. As a result, starting in October 2014, the Company began recognizing the full value of the processed devices in both revenues and cost of revenues.

Fulfillment Revenue

The Company offers fulfillment services on behalf of its buyers for the items sold by sellers. The Company acts as the agent in these transactions, passing orders booked by its buyers to its vendors, who then assemble the kits and mail them directly to the sellers. The Company earns a standard fee from its buyers and recognizes revenue upon shipment of the kits to the sellers. The Company evaluated the presentation of revenue on a gross versus net basis and determined that since the Company performs as an agent without assuming the risks and rewards of ownership of the goods, revenue should be reported on a net basis.

Advertising Revenue

Advertising revenues primarily come from payments for text-based sponsored links and display advertisements. Generally, the Company's advertisers pay the Company on a cost per click, or CPC basis, which means advertisers pay only when someone clicks on one of their advertisements, or on a cost per thousand impression basis, or CPM. Paying on a CPM basis means that advertisers pay the Company based on the number of times their advertisements appear on the Company's websites or mobile applications. Advertising revenue is recognized as income when the advertising services are rendered.

Cost of Revenue

Cost of revenue consists primarily of costs to maintain its website, including amortization expense on its technology platform software. Beginning in October 2014, cost of revenue pertaining to the sale of devices to buyers includes the cost of acquiring the device, as well as any other direct costs and expenses required to inspect and process the devices internally before shipping them to the buyers.

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Advertising

Advertising costs are expensed as they are incurred and are included in sales and marketing expenses. Advertising expense amounted to approximately $954,000 and $1,061,000 for the three months ended March 31, 2015 and 2014, respectively.

Share-Based Payment Arrangements

The Company accounts for stock options in accordance with Accounting Standards Codification (“ASC”) 718, “Compensation - Stock Compensation.” ASC 718 requires generally that all equity awards be accounted for at their “fair value.” This fair value is measured on the grant date for stock-settled awards, and at subsequent exercise or settlement for cash-settled awards. Fair value is equal to the underlying value of the stock for “full-value” awards such as restricted stock and performance shares, and is estimated using an option-pricing model with traditional inputs for “appreciation” awards such as stock options and stock appreciation rights.

Costs equal to these fair values are recognized ratably over the requisite service period based on the number of awards that are expected to vest, or in the period of grant for awards that vest immediately and have no future service condition. For awards that vest over time, cumulative adjustments in later periods are recorded to the extent actual forfeitures differ from the Company’s initial estimates: previously recognized compensation cost is reversed if the service or performance conditions are not satisfied and the award is forfeited. The expense resulting from share-based payments is recorded in general and administrative expense in the accompanying consolidated statements of operations.

Subsequent modifications to outstanding awards result in incremental cost if the fair value is increased as a result of the modification. Thus, a value-for-value stock option repricing or exchange of awards in conjunction with an equity restructuring does not result in additional compensation cost.

Net Loss per Share

Basic loss per share ("EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock options or warrants, using the treasury stock method, and convertible debt or convertible preferred stock, using the if-converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive.

The computation of basic and diluted loss per share at March 31, 2015 and 2014 excludes the common stock equivalents of the following potentially dilutive securities because their inclusion would be anti-dilutive:

	Three Months Ended March 31,	
	2015	2014
Convertible Series A Preferred Stock	100,000	100,000
Convertible Series B Preferred Stock	60,415	60,415
Convertible Series C Preferred Stock	146,667	146,667
Convertible Series E Preferred Stock	103,232	103,232
Unvested Restricted Stock	43,330	55,552
Unvested Restricted Stock Units	506,749	183,333
Stock Options	608,211	542,995
Stock Warrants	802,520	281,686
	2,371,124	1,473,880

Legal Proceedings

From time to time, the Company is a party to or otherwise involved in legal proceedings arising in the normal and ordinary course of business. As of the date of this report, the Company is not aware of any proceeding, threatened or pending, against the Company which, if determined adversely, would have a material effect on its business, results of operations, cash flows or financial position.

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Customer Concentrations

The following table shows significant concentrations in the Company’s revenues and accounts receivable for the periods indicated.

	Percentage of Revenue During the Three Months Ended March 31,			
	2015		2014	
Buyer A	16	%	4	%
Buyer B	3	%	11	%
Buyer C	1	%	14	%
Buyer D	1	%	10	%

	Percentage of Accounts Receivable at			
	March 31, 2015		December 31, 2014	
Buyer AA	15	%	24	%
Buyer BB	14	%	1	%
Buyer CC	10	%	3	%

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers” (ASU 201-09). ASU 201-09 provides guidance for revenue recognition and affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets and supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” and most industry-specific guidance. The core principle of ASU 2014-09 is the recognition of revenue when a company transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, companies will need to use more judgment and make more estimates than under the current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for fiscal years beginning after December 15, 2016 and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early adoption is not permitted. The Company is currently evaluating the method and impact the adoption of ASU 2014-09 will have on the Company's consolidated financial statements and disclosures.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation" (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period ("ASU 2014-12"). ASU 2014-12 affects entities that grant their employees share-based payments in which terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. The Company is currently evaluating the method and impact the adoption of ASU 2014-12 will have on the Company's consolidated financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company will adopt the methodologies prescribed by ASU 2014-15 by the date required, and does not anticipate that the adoption of ASU 2014-15 will have a material effect on its financial position or results of operations.

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Subsequent events

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued for potential recognition or disclosure. Any material events that occur between the balance sheet date and the date that the financial statements were issued are disclosed as subsequent events, while the financial statements are adjusted to reflect any conditions that existed at the balance sheet date. Based upon this review, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements.

Note 4 - Fair Value

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1:	Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2:	Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
Level 3:	Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

The Company did not have any assets and liabilities measured at fair value on a recurring basis at March 31, 2015 and December 31, 2014.

Note 5 - Intangible Assets

Intangible assets consist of the following:

	Capitalized Software	Website Domain	Total
Gross value at March 31, 2015	$2,145,224	$67,752	$2,212,976
Accumulated amortization at March 31, 2015	(1,284,031)	(67,752)	(1,351,783)
Net value at March 31, 2015	$861,193	$-	$861,193
Gross value at December 31, 2014	$1,974,482	$67,752	$2,042,234
Accumulated amortization at December 31, 2014	(1,122,389)	(67,752)	(1,190,141)
Net value at December 31, 2014	$852,093	$-	$852,093

Intangible assets are amortized on a straight-line basis over their estimated useful lives of three years. Amortization expense amounted to $161,642 and $121,509 for the three months ended March 31, 2015 and 2014, respectively.

Future annual estimated amortization expense is summarized as follows:

Years ending December 31,	
2015 (remaining nine months)	$356,218
2016	318,196
2017	177,617
2018	9,162
	$861,193

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Note 6 – Stockholders' Equity

On March 16, 2015, the Company filed a Certificate of Correction pursuant to which the number of authorized shares of the Company's common stock was decreased from 650,000,000 shares to 43,333,333 shares to properly reflect the Company's 1-for-15 reverse stock split on January 21, 2014. The par value remained the same.

Note 7 - Stock-Based Compensation

Stock Option Grants

During the three months ended March 31, 2015, the Company granted 66,000 stock options to employees for future services. These options had a fair value of $31,839, using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.12	%
Expected dividend yield	0	%
Expected volatility	61.89	%
Expected term	3.75 years	

The options are exercisable over a five-year term and vest over four years. The Company recorded $1,679 during the three months ended March 31, 2015 as compensation expense pertaining to these grants.

Including prior period grants and the above grants, the Company recorded non-cash compensation expense of $97,764 and $114,759 for the three months ended March 31, 2015 and 2014, respectively, pertaining to stock option grants.

Total unrecognized compensation expense related to unvested stock options at March 31, 2015 amounts to $478,900 and is expected to be recognized over a weighted average period of 2.9 years.

The following table summarizes the Company's stock option activity for the three months ended March 31, 2015:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2014	604,625	$ 4.73	3.3	$ -
Granted	66,000	1.21		
Exercised	-	-		
Forfeited or Canceled	(62,414)	3.24		
Outstanding – March 31, 2015	608,211	$ 4.36	3.3	$ -
Exercisable – March 31, 2015	367,169	$ 5.51	3.1	$ -

The following table summarizes the Company's stock option activity for non-vested options for the three months ended March 31, 2015:

	Number of Options	Weighted Average Grant Date Fair Value
Balance at December 31, 2014	255,855	$ 2.65
Granted	66,000	0.48
Vested	(32,815)	(2.97)
Forfeited or Canceled	(47,998)	(2.17)
Balance at March 31, 2015	241,042	$ 2.11

uSell.com, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2015

(Unaudited)

Warrants

The following summarizes the Company’s warrant activity for the three months ended March 31, 2015:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2014	802,520	3.21	4.6	$ -
Granted	-	-		
Exercised	-	-		
Cancelled/Forfeited	-	-		
Outstanding – March 31, 2015	802,520	$ 3.21	4.3	$ -
Exercisable – March 31, 2015	802,520	$ 3.21	4. 3	$ -

There was no expense pertaining to warrants recorded during the three months ended March 31, 2015 and 2014.

Restricted Stock Awards

A summary of the restricted stock award activity for the three months ended March 31, 2015 is as follows:

	Number of Shares
Unvested Outstanding at December 31, 2014	558,552

Granted	-
Vested	(8,473)
Unvested Outstanding at March 31, 2015	550,079

The Company recorded non-cash compensation expense of $148,777 and $202,188 for the three months ended March 31, 2015 and 2014, respectively.

Total unrecognized compensation expense related to unvested stock awards and unvested restricted stock units at March 31, 2015 amounts to $1,786,586 and is expected to be recognized over a weighted average period of 3.5 years.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in this report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under "Risk Factors" in our Annual Report on Form 10-K, as filed with the United States Securities and Exchange Commission, or the SEC, on March 31, 2015.

Company Overview

uSell.com, Inc. is a technology based company focused on creating an online marketplace where sellers interested in selling small consumer electronics, through an ecommerce website-based service, can:

- Find cash offers for their items based on the make, model, and condition of each item,
- Efficiently compare offers for those items from a marketplace of professional buyers,
- Review satisfaction ratings and customer reviews of each buyer,
- Determine the offer they wish to accept,
- Immediately complete their transaction on our website with the buyer of their choice,
- Ship their device for free using either a prepaid shipping kit or shipping label, and
- Track the progress of their order online from initiation to final payment for their device.

Our business model is similar to successful ecommerce websites such as Amazon (www.amazon.com) and eBay (www.ebay.com). These companies leverage the power of a specialized network of merchants to (i) offer competitive pricing to the customer, (ii) assist the customer in deciding who to transact with by providing relevant information about each merchant, and (iii) provide fulfillment services to facilitate transactions. However, while websites like Amazon and eBay enable individual buyers to purchase goods by leveraging a network of professional sellers, uSell enables individual sellers to sell goods by leveraging a network of professional buyers. Recently, uSell announced strategic plans to enable wholesale sellers, in addition to individual sellers, to sell goods to its network of buyers.

Key Business Metrics

Our management periodically reviews certain key business metrics for operational planning purposes and to evaluate the effectiveness of our operational strategies and allocation of resources. These key business metrics include:

Orders Placed. Orders Placed represents the number of transactions in a given period from which sellers have placed orders that have not been completed, which we refer to as “Orders Completed” (defined below). Orders Placed is a leading indicator of both Orders Completed and “Gross Merchandise Value” (also defined below)

Orders Completed. Orders Completed represents the number of transactions in a given period from which sellers and buyers have completed a transaction and we have received payment from buyers.

Gross Merchandise Value. Gross Merchandise Value, or GMV, is the total value of all successfully closed transactions on our platform during the applicable period. It is the value of all merchandise that buyers purchase through the platform plus any associated fees, including check processing fees and gross shipping and handling fees. A portion of the merchandise value is paid to sellers and a portion is paid to us. GMV is measured when sellers are paid. Accordingly, GMV is not a meaningful measure for the quarter ended March 31, 2014, as this represents the transition period of our new business model, the effects of which were not fully measurable until late April 2014.

Our corporate headquarters are located at 33 East 33rd Street, New York, New York 10016 and our phone number is (212) 213-6805. Our website can be found at www.uSell.com. The information on our website is not incorporated in this report.

Critical Accounting Policies

In response to financial reporting release FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, from the SEC, we have selected our more subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on the our financial condition. The accounting estimates involve certain assumptions that, if incorrect, could have a material adverse impact on our results of operations and financial condition. Our more significant accounting policies can be found in Note 3 of our unaudited interim condensed consolidated financial statements found elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC. There have been no material changes to our Critical Accounting Policies during the period covered by this report.

Results of Operations

Overview

In the fourth quarter of 2014, major carriers like AT&T and Verizon and big box retailers, like Apple and Best Buy, became very aggressive in marketing their trade in programs. This, along with record sales of the iPhone 6 and iPhone 6 Plus, resulted in an unprecedented number of trade-ins across the industry. Immediately following the announcement of the iPhone 6 and iPhone 6 Plus, uSell benefitted by the increased awareness of trade-in programs, and saw record numbers of devices traded in. However, this surplus in devices also resulted in a prolonged drop in the prices of devices in the second hand market. While this drop occurs every year, the decrease in prices was significantly deeper and more prolonged in 2014 than in previous years.

The decrease in prices had two adverse affects on uSell: (1) volume dropped on new orders because of high consumer price elasticities and (2) the average revenue per device that uSell earned began to fall. Due to uSell's improved analytics capability, we were able to detect the problem early and in March 2015 made the decision to scale back on our marketing spend and reduce the headcount of our marketing staff. We will begin to see the effects of these cuts in April 2015 and believe that the cutbacks in our marketing spend and marketing staff will save the Company approximately $2.4 million dollars on an annualized basis. However, these cuts are likely to adversely affect our future revenues.

While these events were unfortunate, they have also shed light on a much larger opportunity for uSell. The drop in prices was felt throughout the industry, with the large processors and wholesalers that purchase from the carriers and retailers experiencing the most adverse affects. As trade-in programs continue to expand over the coming years, it is vitally important that these wholesalers and processors find a more efficient means of selling devices. We believe that uSell is the only player in the industry with the technology to distribute devices to a diverse base of small merchants in an efficient and scalable manner. There is a significant opportunity for us to augment our consumer supply with supply from these wholesalers and processors in order to satisfy the ever-growing demand from its base of buyers.

Given the above, we decided to shift the bulk of our investment from marketing to technology. The strategy moving forward will be to augment our supply with wholesale deals, rather than to rely solely on consumer marketing to feed our growing marketplace of buyers.

Our significant highlights for the three months ended March 31, 2015 are as follows:

- Grew the volume of Orders Completed from 33,500 for the three months ended March 31, 2014 to 46,700 for the three months ended March 31, 2015, an increase of 39.2%.
- Grew the volume of Orders Placed from 84,400 for the three months ended March 31, 2014 to 86,100 for the three months ended March 31, 2015, an increase of 2.0%.
- Processed $2,822,000 in GMV for the quarter ended March 31, 2015, compared to $5,853,500 for the quarter ended December 31, 2014. Please note that we did not track this metric prior to the second quarter of 2014. In the future we plan on comparing GMV on a year over year basis to properly account for seasonality.

Comparison of the Three Months Ended March 31, 2015 to the Three Months Ended March 31, 2014

The following tables set forth, for the periods indicated, results of operations information from our unaudited interim condensed consolidated financial statements:

	Three Months Ended March 31,		Change	Change	
	2015	2014	(Dollars)	(Percentage)	
Revenue	$2,142,983	$1,005,999	$1,136,984	113	%
Costs and Expenses					
Cost of Revenue	1,442,519	143,126	1,299,393	908	%
Sales and Marketing	1,006,023	1,085,439	(79,416)	-7	%
General and Administrative	1,164,083	1,060,717	103,366	10	%
Operating Loss	(1,469,642)	(1,283,283)	(186,359)	15	%
Other Expense	(285)	(1,563,089)	1,562,804	-100	%
Net Loss	$(1,469,927)	$(2,846,372)	$1,376,445	-48	%

Revenue by Type

The following table breaks down our revenue by type:

	Three Months Ended March 31,			
	2015		2014	
Seller Electronics Referrals	$2,011,155	94 %	$851,032	85 %
Fulfillment Revenue	48,541	2 %	44,961	4 %
Advertising Revenue	50,449	2 %	73,343	7 %
Other Revenue	32,838	1 %	36,663	4 %
	$2,142,983	100%	$1,005,999	100%

Seller Electronics Referrals. Before March 2014, we earned up front "lead fees" from buyers when sellers accepted offers on our website and filled out a form to request a free shipping kit. This fee was received regardless of whether these sellers ultimately sent in their devices to the buyers. Buyers treated these lead fees as a marketing expense, and had to consider historical data on "send in rates" when setting pricing on the website. We recognized the related revenue upon the sellers' acceptance of an offer and submission of the form on the website.

Beginning in February 2014 and for the subsequent six weeks, we phased in a major change to our business model. Under the new model, we eliminated the upfront lead fees to buyers and began charging transactional fees when buyers pay sellers for received devices. Whereas prior to the change, we recognized revenue upon acceptance of an offer and submission of the form on our website, we now recognize revenue upon payment to the seller. This aligns our incentives with sellers and reduces risk for buyers.

Additionally, our shift in model has increased the importance of seasonality and new smartphone product launches to our business. Whereas in the prior lead fee model, we charged the same lead fees regardless of the time of year, we now earn a percentage of the gross amount of the transaction between the buyer and the seller. Therefore, during times of the year where sellers are selling higher end smartphones, our revenues will generally increase. Conversely, during times of the year when sellers are selling lower end smartphones, our revenues will generally decrease.

As a further development to our business model, in October 2014, we launched our "Managed by uSell" service, whereby we partnered with a third party logistics company to inspect and process devices before passing them along to buyers. Under this new model, title to a device passes to uSell upon issuance of payment to the seller, which is generally within one to two days from the receipt of the device at the third party warehouse. Title to a device is then transferred to the buyer upon shipment to the buyer. As a result, starting in October 2014, we began recognizing the full value of the processed devices in both revenues and cost of revenues.

Cost of Revenue

Our cost of revenue for generating transactions for our buyers consists primarily of costs to access and maintain our website, as well as amortization expense on our technology platform software. Beginning in October 2014, cost of revenue pertaining to the sale of devices to buyers includes the cost of acquiring the device, as well as any other direct costs and expenses required to inspect and process the devices internally before shipping them to the buyers. Accordingly, with the implementation of the Managed by uSell program, our gross profit is now impacted by the recognition of the cost of sales related to the devices under this program.

Sales and Marketing Expenses

The following table compares our revenue to the amount of sales and marketing expenses for the corresponding periods.

	Three Months Ended March 31,	
	2015	2014
Revenue	$ 2,142,983	$ 1,005,999
Sales and Marketing Expenses	$ 1,006,023	$ 1,085,439
Percentage of Revenue	47 %	108 %

Our sales and marketing expenses represent one of our most significant costs, amounting to 47% and 108% of revenue for the three months ended March 31, 2015 and 2014, respectively. We utilize direct response advertising and marketing campaigns, including television, print and Internet to attract visitors to our website. Our sales and marketing costs include production costs to produce and edit advertisements as well as the costs to run them. We manage our advertising and marketing campaigns, and make allocation decisions, by measuring their effectiveness based on a variety of metrics, including response rates, conversion rates and average revenue statistics. As discussed above, we have strategically decided to reduce our marketing staff and marketing spend which will reduce our sales and marketing expenses in future quarters.

General and Administrative Expenses

General and administrative expenses include professional fees for technology, legal and accounting services, as well as consulting and internal personnel costs for our back office support functions. General and administrative expenses are impacted by non-cash compensation expense pertaining to share grants and option grants for services.

Excluding non-cash compensation expense, our general and administrative expenses for the three months ended March 31, 2015 increased by $174,000, or 23%, compared to the three months ended March 31, 2014. The increase is mainly attributable to an increase in salaries and salary related expenses of approximately $235,000, offset by a decrease in professional fees of approximately $57,000. We utilized the proceeds from the sale of our common stock in 2014 to build our marketing and analytics function by increasing our headcount to support our business model, which increased our salaries and salary related expenses. As more fully discussed above, we took initiatives in March 2015 to reduce our marketing headcount. Professional fees decreased mainly as a result of lower public relations expense, compared to the three months ended March 31, 2014.

Other Income (Expense)

We did not have significant other income (expense) during the three months ended March 31, 2015. Other income (expense) during the three months ended March 31, 2014 resulted primarily from the conversion of convertible notes in February 2014. As a result of the conversion, the remaining unamortized discount of $874,000, as well as the remaining unamortized balance of debt issue costs of $9,000, were recognized as non-cash interest expense. Additionally, we recorded approximately $9,000 of contractual interest expense and approximately $681,000 of derivative expense related to the change in the market value of the derivative liability on the convertible notes through the date of conversion.

Liquidity and Capital Resources

We utilize direct response advertising and marketing campaigns, including television, print and Internet to attract sellers to our website where we help them monetize household items, such as small consumer electronics that they are no longer using. These advertising and marketing campaigns are our most significant use of cash from operations. Payment policies for these campaigns vary by advertising medium and by vendor. Payment terms vary as well, but in general payment for our advertisements is due within two-weeks or less of when the advertisement airs. Other significant uses of cash include production costs to create our advertisements, salary expense for our employees, and professional fees.

We typically collect cash receipts from buyers on our marketplace within five days of when buyers receive devices. This time period may be longer in the case when the device received is either a different device or is in a different condition than what the seller represented when completing the sign-up on our website. In those instances, a re-quote process occurs. A new offer is made to the seller, which the seller may either accept or reject. If the re-quote offer is accepted, we typically collect the corresponding cash receipts within five days from the day the offer was accepted. If the re-quote is rejected, the device is sent back to the seller and no cash receipts are received. The re-quote process occurs on approximately 30% of devices received and approximately 75% of re-quotes are accepted.

Cash Flows from Operating Activities

We used $1,114,000 of cash in operating activities during the three months ended March 31, 2015, an increase from $749,000 of cash used in operating activities during the three months ended March 31, 2014. Our net loss during the three months ended March 31, 2015 of $1,470,000 was offset by $247,000 of stock-based compensation and $163,000 of depreciation and amortization. Changes in working capital used $54,000 of cash during the three months ended March 31, 2015. Our net loss during the three months ended March 31, 2014 of $2,846,000 was mainly offset by $874,000 from the amortization of remaining debt discount on our convertible notes, $681,000 from the change in the market value of the derivative liability pertaining to our convertible notes, $317,000 of stock-based compensation and $123,000 of depreciation and amortization. Changes in working capital provided approximately $95,000 of cash during the three months ended March 31, 2014.

We anticipate that our cash used in operating activities will improve in future quarters as a result of the savings achieved from the cutbacks in our marketing staff and marketing spend.

Cash Flows from Investing Activities

During the three months ended March 31, 2015, we capitalized $171,000 of website development costs, compared to approximately $143,000 in 2014. We currently do not have any capital obligations or commitments that will require a significant amount of capital.

Cash Flows from Financing Activities

We did not have any cash flows from financing activities during the three months ended March 31, 2015. During the three months ended March 31, 2014, our financing activities generated $1,684,000 in net proceeds from the private placement offering of our common stock. In addition, we received proceeds of $300,000 from the sale of our Convertible Series A Preferred Stock.

Liquidity

We do not yet have a sustained history of financial stability. Historically, our principal source of liquidity has been the issuances of debt and equity securities (including to related parties), including preferred stock, common stock and various debt financing transactions. We believe that, with our current available cash along with the anticipated increase in revenues, we will have sufficient funds to meet our anticipated cash needs for the next ten months. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

There can be no assurance that the plans and actions proposed by management will be successful, that we will generate profitability and positive cash flows in the future, or that our diversification and expansion plans will not require substantial amounts of capital beyond our current capabilities. With the recent cuts we implemented, we expect that we have approximately ten months of cash left. We are exploring a number of options to provide working capital including strategic partnerships and seeking equity or debt financings. We cannot assure you that we will consummate a transaction or financing that will enable us to meet our working capital needs. Future efforts to raise additional funds may not be successful or they may not be available on acceptable terms, if at all.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should we be unable to continue as a going concern. The ability of the Company to continue as a going concern is dependent on management’s plans, which include further implementation of its business plan and continuing to raise capital.

Recent Accounting Pronouncements

See Note 3 to our unaudited interim condensed consolidated financial statements regarding recent accounting pronouncements.

Cautionary Note Regarding Forward-Looking Statements

This report includes forward-looking statements including statements regarding liquidity, anticipated revenues, effect on our results of operations from our new pricing model and cash flows.

The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include obtaining sufficient capital, the effectiveness of our advertising campaigns and the willingness of people to use us to help them monetize and recycle their small consumer electronic items. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”).

Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting

There have not been any significant changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are a party to, or otherwise involved in, legal proceedings arising in the normal and ordinary course of business. As of the date of this report, we are not aware of any proceeding, threatened or pending, against us which, if determined adversely, would have a material effect on our business, results of operations, cash flows or financial position.

Item 1A. Risk Factors.

Not applicable to smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

See the exhibits listed in the accompanying "Index to Exhibits."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	uSell.com, Inc.
May 13, 2015	/s/ Nikhil Raman Nikhil Raman Chief Executive Officer (Principal Executive Officer)
May 13, 2015	/s/ Jennifer Calabrese Jennifer Calabrese Chief Financial Officer and Executive Vice President of Finance (Principal Financial Officer)

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INDEX TO EXHIBITS

Exhibit		Incorporated by Reference			Filed or Furnished
No.	**Exhibit Description**	**Form**	**Date**	**Number**	**Herewith**
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive and Principal Financial Officer (906)				Furnished*
101.INS	XBRL Instance Document				Filed
101.SCH	XBRL Taxonomy Extension Schema Document				Filed
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				Filed

* This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-X.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to our Corporate Secretary at 33 East 33rd Street, Suite 1101, New York, New York 10016.